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September 26, 2006

Ms. Linda Cole
Chief, Long Term Care Policy & Planning
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Ms. Cole:

On behalf of Erickson Retirement Communities, LLC, Charlestown, Oak Crest Village and Riderwood Village Erickson-managed, not-for-profit Continuing Care Retirement Communities (CCRCs), we would like to thank the Commission for including in its draft update to the State Health Plan's Long Term Care Chapter, provisions that enable CCRC Home Health Agencies under certain circumstances to apply for a specialty hospice certificate of need (COMAR 10.24.08.13(c)). We believe that the draft language addresses the concerns of the existing hospice providers and provides for the best possible choice of care for the citizens of the State. As a result, we fully support these changes, and offer some additional comments and suggestions.

CCRCs that offer a continuum of services to residents establish a network of support that sustains residents with a variety of conditions and with varying medical needs. Erickson-managed CCRCs in particular benefit from having on-site physicians exclusively providing services to our residents, and have the option of receiving other services within the CCRC's continuum, such as physical, speech and occupational therapy and home health services, albeit with full freedom to choose another provider of such services. We submit that it is clinically disruptive for a resident who has moved through a continuum of care to be advised that should that individual become terminally ill, the CCRC staff is prohibited from providing this additional service. The Chapter rightly identifies that where the CCRC already provided home health services to residents, that an application for a CON to also provide hospice care should be permitted.

In past discussions, a number of points have been made to the Commission concerning this issue have been brought forth, that warrant discussion.

First, some existing hospice providers argue that all thirty-two CCRCs in Maryland would cancel their business relationships with existing hospice providers and pursue their own hospice programs, causing a negative impact to the financial security of the existing hospices. We believe that the very restrictive manner in which the regulations are drafted will prevent this from happening. Only a CCRC with a very large resident community would have the volume to make the prospect of initiating hospice services a viable prospect. Erickson communities serve,

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on average, over 2,000 residents in each of our three Maryland communities. Each of these communities is approximately five times the size of the next largest CCRC in the state. Even at this size, our communities are just beginning to generate the needed volume to make a hospice program financially feasible. It is important to note that there is not just this business impediment to a small CCRC wanting to establish a hospice program; there is also a clear regulatory hurdle in the proposed regulations that would prevent small CCRCs without the volume necessary to sustain programs from initiating them.

Second, the Chapter would only permit a CCRC with an existing home health service to apply for a hospice service. There are relatively few CCRCs in Maryland that have obtained a specialty home health CON and as a result I would submit that few CCRCs would be eligible to obtain a hospice CON under these new regulations.

Thirdly, we acknowledge that there may be existing hospice providers in the communities where the CCRC applying for hospice is located. Indeed, two of the Erickson CCRCs are located in Baltimore County and the third is on the border of Prince George's and Montgomery Counties, all of which have existing hospices. However, we wish the opportunity to offer CCRC residents the choice to receive hospice care within the same continuum as exists for other services. Indeed, the Chapter includes strict provisions ensuring residents are advised of their freedom to choose services from another hospice. To that end, we urge that there not be a difference in the approach used for specialty home health services in a CCRC under Section .10B(6), when establishing comparable standards for specialty hospice services in a CCRC.

Additionally, we point out that the proposed regulations contain a significant advantage for existing hospice providers by requiring CCRC providers to inform residents of their choices for hospice services. Because of the longstanding positive relationship between existing hospices and our communities, we expect that many of our residents will continue to choose to utilize the services of existing hospices. However, we believe that by incorporating choice into hospice services, that the all hospice providers will need to provide even greater levels of care to our residents to remain competitive with alternative providers. There is no compelling state interest in restricting the ability of a resident to choose a hospice provider. Instead, it would seem the compelling state interest is ensuring quality of care, and these new regulations will help ensure that this occurs.

In addition to these points, I would add that state policies enabling CCRCs to provide integrated health services is netting positive results. For example:

- In Maryland, where CCRCs have a CON exemption for nursing home beds, Erickson residents are 35% less likely to ever need nursing home care than similar age and income qualified residents in the greater community.

- Erickson residents typically use 1/3 less hospital utilization than similarly situated residents in the surrounding community.

- In Maryland, where CCRCs can apply for a specialty home health CON (similar to the CON proposed for Hospice), our residents are in the top 8% nationally for reducing hospital utilization by using home health services.

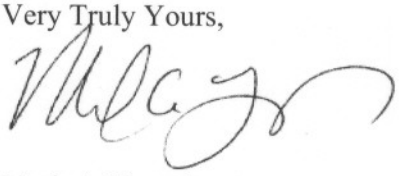
- Erickson Retirement Communities has invested over $7 million in converting to an electronic integrated medical records system for our residents. Electronic medical records improve communication between care-givers, reduce medical errors, improve efficiency and most importantly improve quality of care.

Our positive health outcomes are even more significant when one considers that a resident of an Erickson community enters the community with higher incidents of disability and chronic medical conditions. A study conducted by the Johns Hopkins School of Public Health demonstrated that Erickson residents are adversely selected in terms of health status to those on the outside community. Our integrated approach to health care delivery at all ends of the health care spectrum is what enables us to achieve such beneficial results. Permitting us to provide hospice care could only further enhance this integration, hopefully leading to even better results.

Current state policies permitting CCRCs to provide integrated health care services is working to create better outcomes while preserving patient choice. The proposed changes to the rules for Hospice CONs will only further improve integration and positive outcomes. We encourage and support the efforts of the Commission to implement these changes and look forward to working with you as we implement the new process.

Thank you for the opportunity to comment. Please do not hesitate to contact me should you have any questions or concerns.

Very Truly Yours,



Mark A. Yost, Jr.
Manager
Regulatory and Government Affairs